

# IRS News Release

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Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

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Public Contact: 800.829.1040

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## **Toyota Highlander Hybrid Certified for the Clean-Fuel Deduction**

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WASHINGTON — The Internal Revenue Service has certified the model year 2006 Toyota Highlander Hybrid as being eligible for the clean-burning fuel deduction. This certification means that taxpayers who purchase one of these hybrid vehicles new during calendar year 2005 may claim a tax deduction of up to \$2,000 on Form 1040.

Under the Working Families Relief Act of 2004, which was signed into law in October of 2004, the clean-burning fuel deduction is limited to up to \$2,000 for certified vehicles first put into service in 2005 and \$500 for vehicles placed in service in 2006. No deduction will be allowed after 2006.

Federal law allows individuals to claim a deduction for the incremental cost of buying a motor vehicle that is propelled by a clean-burning fuel. By combining an electric motor with a gasoline-powered engine, these hybrid vehicles obtain greater fuel efficiency and produce fewer emissions than similar vehicles powered solely by conventional gasoline-powered engines.

This one-time deduction must be taken in the year the vehicle is originally used. The taxpayer must be the original owner. Individuals do not have to itemize deductions on their tax return to claim this deduction. This benefit can be taken as an adjustment to income on the Form 1040.

The amount of the deduction for Highlander Hybrid was set after the manufacturer, Toyota Motor Sales, U.S.A., Inc. documented for the IRS the incremental cost related to the vehicle's electric motor and related equipment.

A complete list of vehicle models that have been certified for the clean-burning fuel deduction can be seen at [IRS.gov](http://IRS.gov).